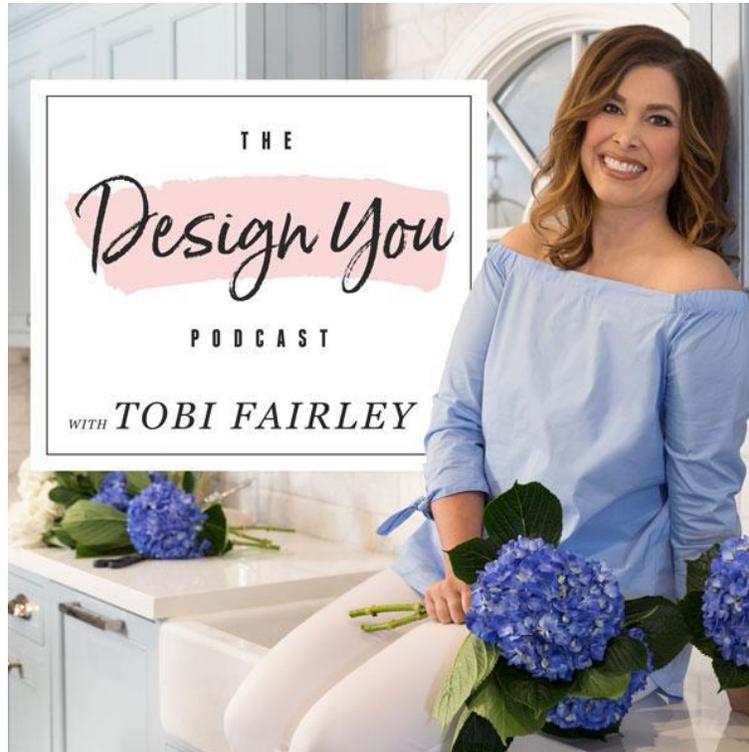# Ep #211: The Creative Entrepreneur Series Part 1: The Pitfalls of the Creative Business

Full Episode Transcript

With Your Host

Tobi Fairley

Ep #211: The Creative Entrepreneur Series Part 1: The Pitfalls of the Creative Business

You are listening to the *Design You* podcast with Tobi Fairley, episode number 211.

Welcome to the *Design You* podcast. A show where interior designers and creatives learn to say no to busy and say yes to more health, wealth and joy, here's your host, Tobi Fairley.

Happy day my friends. How are you? We are a whole quarter into 2022. A whole quarter. How is that working for you? It's been a remarkable few months for me with my 50th birthday in January among other things. And I hope it was really good for you so far. I think my favorite part of 2022 is how gentle I've been with myself and how open I've been to letting my days evolve with a lot of margin and a lot of space for doing what I feel like doing and leaning into what I need emotionally. It's been amazing.

And really these first few months of this year, especially the first several weeks I've thought of myself as being in a wintering season which this is something I've been learning more about, wintering, or really just seasonal, thinking of planning and my schedule and how I'm showing up as aligned with the seasons. So wintering is a time for rest, and hibernation, and renewal which is the total opposite of what our culture tells us to do in the beginning of any new year.

So, I'm playing with the idea for next year of taking an entire month off in the winter from mid-December to mid-January. And I've got to tell you, that idea excites the hell out of me. The thing about plans like this is by making them now in the beginning of the second quarter of this year I actually have time to make it happen for next year. And I can make sure we don't have any launches or any critical timebound work that has to happen in that period of time. So, what happens when you think about that possibility in your life and in your business of taking a month off?

I actually am planning on it a couple of times, once in the summer which I'm going to go ahead and try to accomplish that mostly this year, for sure next summer. But then for next year, for 2023 I'll have the month off that is

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December to January and then another month in the summer which sounds amazing. But I want to know how that sounds to you. When you think about this as a possibility in your life and your business what does your brain say? What are your thoughts? Does it seem totally impossible? Does it sound nice but would never actually happen?

Is it something that you say you'll do but then during that actual month sabbatical you had planned, if you tried to do the December and January thing, would you let work creep in and then get to the end of it and realize you didn't really hardly take any time off at all? Well, if any of that sounds like what your brain is saying, it makes sense for most of us. And that exact thing happened to my web designer this year.

So, she decided to take a month sabbatical from mid-December to mid-January this past January and she had a really hard time stopping her work. So, in December she was feeling very behind and unable to wrap things up when she wanted to. Then she struggled telling clients no. And then when January rolled around she felt so much pressure to get started back that she told me when I checked in with her mid-January to see how it went she was like, "Yeah, that was hardly a sabbatical."

Now, on the other hand my photographer, Mecca, took nine whole weeks off from thanksgiving until the middle of February. And when I spoke with her at the end of that period for her she sounded incredible. She sounded rested. She sounded so excited to start back to work in early February. She was really tapped into her creativity at a whole other level. And it was so inspiring to talk to her about this experience.

So today we're going to start our third podcast series of the year. The first one was the four weeks in January where I talked about Redefining Success. Then recently among other episodes and shows we did the four part Value of Design series. And both of those blew your mind. This whole idea of taking a sabbatical might have just blown your mind. And both of

those series were packed full of thoughts and ideas for you to consider as you design the life and the business that you really want.

So, if you missed any of those episodes I highly recommend that you go back and listen to them because they actually really matter for this series. I chose this order on purpose. But I think that you're going to have just as many ha-ha moments in this current series that we're going to start today as you did in either of those. Because I don't mess around when it comes to pushing the envelope with thought and with innovation, and with really throwing down that gauntlet like I just did of planting the seed of a sabbatical for you.

Because I know that thinking differently is what it takes to actually create the life and the business that we dream about. It does not happen by accident. It doesn't happen by going with the flow or doing things the way the world tells us to, going around, aligning yourself with cultural expectations, not the way to design the life and business you want. So, let's dig in and start to talk about this next series.

So, as I'm writing this series, it's no longer winter or wintering season, it's spring. And what's the thing with spring? Well, spring is a time for rebirth. It's a time for blooming, for play, for discovering a new learning path. It's a time for growth. It is a time for freedom, and for curiosity, all of that comes with spring. There's lots of surprises that just sprout up and bloom in spring.

And so, I want you to think about bringing this mindset of curiosity and growth to this series because it's the perfect mindset when we really start to have you question and think about you as a creative and what that means for your business. So, let's go, or maybe we should say let's grow with this latest series.

Okay, so we're moving into the entrepreneur or entrepreneurship series. Well, actually I'm going to call it the creative entrepreneur series. And originally I was thinking it was just entrepreneur. But as I studied, and

prepared, and wrote these episodes, I realized that I have a special lens on the creative entrepreneur because I am one and I've been one for a long time. And as creatives who also have started our own businesses we have a special set of gifts and of challenges that aren't necessarily true for all entrepreneurs.

So, I decided to customize this series just for us creatives because I've got you, my friends. I've got you. And should I say, I've got you my creative friends. I know you. I am you. So, I'm here to support you, to guide you if you need it and to help you make sense of your specific set of obstacles and talents, but definitely the obstacles that may be getting in the way of the successful business and life you dream of.

Okay, so let's get started with the introduction episode for this creative entrepreneur series. So, what do I mean by entrepreneur and by creative entrepreneur? I always like to start with a definition in our series so we're on the exact same page. So, the definition of an entrepreneur is a person who organizes and operates a business or businesses, taking on greater than normal financial risk in order to do so.

Another definition says an entrepreneur is an individual who identifies a need in the marketplace and works to fulfil it. The term, entrepreneur historically has been applied to an individual who starts a business seeing the ability to fulfil an identified need as an economic opportunity. Okay, so boy oh, boy, or shall I say, girl oh, girl. There is so much more to being an entrepreneur than just taking financial risk to fill a need in the marketplace. If it could only be that simple.

When I think of entrepreneurship today I actually think of it from a lens of consciousness, so not just a creative lens but a lens of consciousness. And that's about 180 degrees from how I showed up as an entrepreneur 23 years ago when I started my business. I was not really that conscious or that intentional.

And a lot of the reason for that, that I wasn't looking through that type of lens is because I didn't have a conscious female entrepreneur role model guiding me. And helping me see the obstacles and the pitfalls, and my desires, and all of the things that go into being an entrepreneur, being a creative entrepreneur that actually would nearly derail me in my business multiple times. Because they did. I mean it was so close many, many times.

So, in this creative entrepreneurship series we're going to cover a lot. But what will be different about it than what I originally planned is that we're looking at every single thing. We're going to look at every obstacle, every challenge, every opportunity through the eyes of creatives. So, we just defined entrepreneur but what does it mean to be a creative entrepreneur? Well, to me that is a unique place of creative plus entrepreneur, two identities that have a lot of overlap but also have a lot of tension or conflict between them.

And I think one of the most fascinating parts of this discussion is that most creative entrepreneurs that I know absolutely identify as creative but rarely think of themselves as entrepreneurs. I mean if they were pushed to say, "Yes or no, am I an entrepreneur?" Well, sure, maybe they would say, "Yeah, I guess I'm an entrepreneur, or at least a business owner." But there's definitely also some imposter syndrome that pops up that's lurking in there which we'll discuss imposter syndrome more in a future episode of this series.

But imposter syndrome is all in there baked into this idea of creatives believing they're entrepreneurs because most creatives feel a bit or even a lot of a fraud when it comes to running a business. We don't typically think of ourselves as good businesspeople. And we've even been told by society, and our friends and family a lot of times that creatives aren't inherently good businesspeople.

And so, if we are being perfectly honest we believe actually that business gets in the way of our creativity, that those two things are somehow

mutually exclusive, or at the very least, when we have to be business owners, and professionals, and think about things like our finances, and making money that we are somehow squelching our creativity. That business sort of puts our creativity in a bind, or maybe even snuffs it out completely.

So, when we head back to that definition of creative plus entrepreneur here is what we find. The thing about us creatives is that we are unpredictable. We're a bit harder to pin down. We do things our own way. We don't like conformity. And in a lot of ways entrepreneurs don't really either but it seems that entrepreneurs who don't identify as much as a creative as some of us do, may have less struggle with discipline, and systems, and follow through than some of us creatives.

Creatives aren't generally process people. We struggle with submission to authority because we are visionaries and very independent thinkers which can be a blessing but also a curse especially when it comes to doing business. We are also often introspective and sensitive. And can struggle with insecurity and with feedback. We often feel we don't quite belong and that nobody really gets us. And that we don't really align with the societal or business expectations of us. We think maybe if we're being truthful there might be something kind of wrong with us.

We are the oddballs we think. We have an imagination that is so active which can make us even more prone than the average person to procrastination especially on those structured steps that are needed to move our business forward. So, we're basically creative people living in an uncreative world and it can feel sort of like mixing oil and water, or pushing a giant boulder uphill. So, no biggie. We've just decided to enter into the business of being entrepreneur which already feels like the wild west in a lot of ways. There's no set rules or recipes that are guaranteed to work.

And then we mix in our creativeness just to make things even more challenging. Sounds about right, doesn't it? Yes, it definitely sounds right to

me. Okay, so now let's get really clear here for just a minute about something that's quite challenging about being an entrepreneur that we might not have even clued into fully. And this is true for any kind of entrepreneur, creative or otherwise but it still holds true for us. And that is being an entrepreneur takes an enormous amount of mental energy and stamina.

And to be successful it takes a tremendous amount of thought awareness, and mind management. So let me explain. When we work for a company or a corporation, instead of becoming an entrepreneur, it's a little bit different. Now, no one including me is saying that working for someone else in that type of career isn't stressful. Working in general can be very stressful. And it certainly can be stressful working for a corporation or a company with deadlines, and heavy workloads, and high stake opportunities, and clients on the line. I get all of that.

So, we're not arguing that it's not hard. But there is something different about being an entrepreneur because even though innovation and risk is happening in those other businesses, you don't have the same responsibility as a team member of a corporation as you do when you become the entrepreneur. So, with a corporation or working for a company there are other people to take some or a lot of the responsibility.

When I think of my husband who works very hard, trust me, very hard. He's a partner in a law firm and there are somewhere between 25 and 40 lawyers and their staff. So, all of them together combined, around probably 40 people, but 20 to 25 lawyers. And even though he serves on committees and boards at the firm and helps make hard leadership decisions. Whether the firm lives or dies isn't solely his responsibility. So, he works really hard. He takes responsibility in a lot of ways but the sole responsibility of the company making it is not on his back.

There is someone or really 20 something someone's to share the workload, and the worries, and meet the financial obligations, and the fill the

management roles. And so, he's a part of that process. Now, there is a major difference between that and the mental stamina that is required of an entrepreneur who at the end of the day, even if they have an amazing team and support, the book stops with the entrepreneur.

If there's no money in the bank to make payroll, or to fund marketing initiatives, or to pay for operations, the entrepreneur is ultimately the only person that is responsible. And that can create so much stress. Now, knowing me, you probably won't be surprised that I believe the challenge of this stamina that's required for entrepreneurs, especially creative entrepreneurs is almost entirely about mindset. So, no, I didn't say physical stamina, although you need that too.

What I'm saying here is most of the challenge, the difference between being the entrepreneur and working for a corporation is the mental stamina it takes to be uncomfortable and take those risks when the book stops with you. So let me explain a little bit more. As the world and the internet are often guilty of, the idea of entrepreneurship and being an entrepreneur has been really glorified. It's revered. It's celebrated. It's glamorized. Doesn't everybody want the freedom of being an entrepreneur?

We hear about all the freedom and it's the time freedom, and the financial freedom, you're being your own boss. You're doing things your way. And it is really championed in our society. So many of you decided to become entrepreneurs because you thought to yourself, if I'm going to be working this hard I might as well be making my own money for my own business. And then I can have the freedom to be with my kids, and attend things at their schools, and go on vacations, and all of that stuff.

And especially if we had come from working for other people earlier in our careers, we always think we can do it way better than those people who were our bosses did when they were running their businesses. And at least if we don't think we can do it better, we definitely think we would do it differently. It's so easy to be an armchair quarterback when we haven't

actually been responsible for all the things that come with being an entrepreneur.

For some reason before we become an entrepreneur we think the story goes something like this. Open a business, find clients, work hard, make money, live happily ever after. But sadly, that's the fairytale version of entrepreneurship and not the truth. The reality is that more than 50% of businesses fail within 10 years. And more specifically, data from the Bureau of Labor and Statistics shows that approximately 20% of new businesses fail during the first two years of being open, 45% during the first five years and 65% during the first 10 years.

So only 25% of new businesses make it 15 years or more. And that freedom, the one we were so rose colored glasses about before we opened our businesses, well, that's sort of a myth too. Or as I've said many times after becoming an entrepreneur, sure, there's freedom in your business. You're free to work whichever 18 hours of the day that you choose. And I'm only sort of kidding here. I mean those are some long days that are required of us.

And though there are parts, highlights of being an entrepreneur that are glamorous, and are fun, and they're really what we thought they would be. There's a whole lot of other parts that I would say and you might agree with me are their own special kind of hell. And suffering comes less from the circumstances of being an entrepreneur and a whole lot more from our unmanaged minds and the way we're thinking about our businesses and ourselves as entrepreneurs, particularly the way we're fearing failure and rejection.

So, in just a second I want to go into some of the biggest obstacles that businesses face. And then over the rest of this series we're going to start to dig into the mindsets that entrepreneurs struggle with and that they really need to create, and to practice, and to hone to be able to survive and

overcome these obstacles, these pitfalls that are the reasons why most businesses fail. But first in this episode I want to talk about those reasons.

So here are a few, again, a simple Google search brings up a lot of these. What are the reasons most businesses fail? And then I'm going to tell you a few more that I believe need to be in this list. So here is the list that I compiled from some Google searches.

Number one. Starting your company for the wrong reasons is a reason businesses fail. And the reason they give as the wrong reason is because you think you'll make a lot of money or have a lot more free time. Okay, so problem number one.

Problem number two. Not investigating the market needs. So, meaning that there's not really a market or too small of a market for the products and the services you're trying to sell. So, there's not a need for what you're doing is one of the reasons.

Number three. Lack of planning or lack of having a business plan.

Number four reason most businesses fail. Poor management. And this one's interesting because for a lot of designers and creatives it might actually not be poor management but no management. Because we're visionaries and we're trying to run our business but without an operations person, or a business manager, or anybody who really has experience and knowledge about management. So, four was poor or no management.

Number five reason most businesses fail. Money problems, that means either too little financing or capital, or operating on a shoestring. You know what I mean. This is what I see all the time with creative businesses.

Number six. Bad location or if you're not a physical business, lack of internet presence or marketing. So, I call this one being the best kept secret in your industry. Or if you're a physical location, being the best kept secret in your town.

The seventh reason that most businesses fail is because you remain rigid. You're not flexible. So, this is that idea of how times change rapidly and the only way to survive in business these days it to be adaptable. And I see a lot of rigidity and holding onto the parts of creative businesses either because that's the way we've always done it or that's how we see other people doing things. And there's never any mention of the fact that we're like, well, so and so did it this way. There's never any mention of the fact that so and so is probably also struggling in their business.

So, we're always trying to do what other people are doing whether it's working or not. A lot of times we don't even know.

The eighth reason is expanding too fast. So, for some of us creatives I would think of this as taking on more work than you can handle really fits in this expanding too fast category as well. So being overcapacity.

Number nine. Insufficient funds due to weak forecasting. We know this as the feast or famine cycle in the creative business. And it comes from really waiting for the phone to ring because we don't really know how to forecast in creative businesses, especially ones like interior design. We're like, "How do I know how much business I'm going to have? I'm just going to wait around and see who calls and hires me."

Number 10 reason for why most small businesses or entrepreneurs fail is the business lacks value. Or I even think of this as the value of the business and the price are misaligned. Meaning in our industry, in the design industry and other creative industries it's often less about people not getting what they pay for, we often overdeliver. But it's more about the people we're selling it to, not really valuing the level of service or quality of services that we want to offer, and not wanting to pay what we need to charge them for us to thrive.

So, there is this disconnect in what the client values and what we as designers value. So, the business lacks value to me is really in our case a

lack of alignment between what the client values and what we're trying to sell them what we value.

Number 11 reason most businesses fail. No real connection with the target audience. So, this one may be less of an issue for some creative industries like interior design. Although if you're wanting to attract high net worth clients and you're not well versed in their habits, or their preferences, or their mindsets, you may very well have a disconnect between you and the audience you're trying to work for.

Number 12 reason most businesses fail. Competition is too stiff. So, there are quite a lot of designers and other creatives in a lot of creative industries. And the interesting thing about that is there's always somebody willing to do it for less money. And often really way too cheap to even stay in business. And this really as we talked about in the Value of Design series, this devalues our pricing. When we charge what we need to it looks like we're overcharging.

And so, there's also a lot of competition, not only from other designers but from consumers doing their own design which also creates competition for our services. So, competition is quite stiff in the creative industries.

Number 13, yes, there are more than 13 is a lack of company culture. This is huge. I see a lot of design firms or small design businesses with a handful of employees that have a lot of turnover. And they also have a lot of overworking and underpaying employees and a lot of drama, and a very hierarchical approach to management and therefore lots of their team come and go regularly. There's a lack of communication. There's a whole lot of reinventing the wheel.

So not having a company culture that really connects team members to the firm in a way that creates the best result can definitely be a problem. It's actually one of the things we work on in our Millionaire Mentorship program for this exact reason.

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Okay, the 14th reason that most businesses fail is ineffective sales funnel. Or if you don't really think of your business as having a sales funnel here's the biggest problem for most of us. Not enough leads, not enough traffic, us not getting to pitch enough to people. So not enough potential customers may be the way that you understand it the most. And this is a huge issue for a whole lot of people that I work with. And then when they do give a pitch to a client and the client isn't a fit, it's so disheartening because they don't get enough potential leads.

We can't expect to put our three proposals for ideal clients and get three yeses. We must assume that to get three yeses we need to put out 30 proposals or more because we're not going to close every single proposal with an ideal client. There's a lot of people coming to us that shouldn't be a fit. If we are closing all of our proposals every single time then our fees are likely way too low or we're ignoring a ton of red flags.

And most of us don't get enough traffic and leads regularly to even be putting out 30 proposals in any given month, or quarter, or period. So not enough leads, really this ineffective sales funnel as they call it in the Google search that I did.

So, I agree with every single one of those, all 14 of those. And on top of these 14 I happen to think there are five or so more reasons that entrepreneurs fail in their businesses. And here's what I think those things are. Sales illiteracy or a dislike or fear of selling, a broken business model which is this traditional one-to-one model with fees, and sales that we try to do in businesses like design, high end one-on-one design. But there's no scalable service or even a semi-scalable offer.

So, the only we can make more money is just to take on more clients. And there's not enough time in the day, so that's a broken business model. No leadership is the third one I think that's a big problem. So, the CEO acts more like a chief employee or chief wearer of all the hats. And there's really no leadership or leadership team. I also think a huge one is lack of

systems, including time management systems, operating systems, sales and marketing systems.

And then the last thing I see a lot of is what we've been talking about a lot already today and we always talk about on this podcast and that's the unmanaged mindset of the leader that really trickles down to the team. And then no investment in the team's mindset and growth.

So, you all, that's a lot of reasons, 14 of them on the web, five more I added. That's 19 to be exact. And if we tried for a moment or two we might come up with even a dozen more because being an entrepreneur is not for the faint of heart. It is a challenge. The freedom we dream of is elusive and so are the profits for most of us. And without some serious structure, and systems, and boundaries, and mindset work, and all of these things in place it's so easy to find yourself hustling your way right to burnout.

And that pastime that used to be more of a hobby that you now turned into a business, that used to be really fun and now of all of a sudden it's not, it feels just like a grind more often than not, that is true for so many entrepreneurs. So, in this series we're going to look at the exact things that keep creative entrepreneurs from thriving in their business that will help us avoid all 19 of those pitfalls, all 19 of those obstacles so that our businesses don't fail.

And it is my hope that by the end of this series you will not only feel wholly seen by me and understood by me. You're like, "Oh my God, she does get me, she does know the creative entrepreneur lens to peek through." So, I want you to feel seen and heard but I also want you to know that there are ways that you can think differently about your business that you likely have never heard of before, that will change everything for the better. So, are you ready to thrive my creative friends?

If you are then great, I'll see you next week and we're going to get to work breaking down some things we need to think about, and look at, and understand about creative entrepreneurs. And until then spend some time

noticing how you've been thinking about yourself and your business. Do you identify as a creative? How about an entrepreneur, do you think of yourself as an entrepreneur, or a businessperson, or do you have stories and narratives about how you absolutely are a terrible businessperson? All of that matters.

And also think about those 19 pitfalls, which ones seem like your biggest challenge? You might have multiple that really stand out to you that you're like, "Yeah, I do this one, and this one, and this one, and this one." And that's perfectly okay. Try not to stress too much between now and next week but just start to, without a lot of self-judgment if you can help it. Just get some awareness. How do I think about me? How do I think about my business?

Which ones of these might I want to think about differently so I can create a different kind of business, and a different kind of life, and really a different kind of feeling in my business and my life going forward? So that's your homework just to think about this episode, see where you see yourself in it and I'll be back here next week.

Oh, and P.S. one more thing. We currently have a really exciting VIP offer to work with me in person. And we haven't done an in person thing in a long time. So, it's a two day work on anything with my team and me, mastermind, we're calling it Tobi's Think Tank. And there's only 10 spots left. And some of them are already spoken for.

But if heading out of town and spending some time hanging out in my living room and masterminding with me and nine other people, and my team, and really getting those creative juices flowing, and getting you unstuck, sound like something that you're interested in. Then DM me on Instagram @tobifairley or email us at info@tobifairley and say, "Tell me about Tobi's Thinktank." We didn't send this offer to everyone. We're only sending it to those people that are specifically interested in it.

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But if this sounds like something that is perfect for you that you would love to do then I absolutely want to hear from you. So let us know, just send us a little message, "Hey, tell me about Tobi's Think Tank." And we will give you all the details. And if for some reason it's sold out and the spots are all full by the time you connect with us, then we can add you to the waitlist in case any spots open up or we decide to do it again in the future. We'll know that you're interested in Tobi's Think Tank.

Okay, friends, so that's what I have for you today. Think about yourself, think about you and your creativeness, and your entrepreneurship-ness, if that's a word. And be ready to open your mind in a big giant way next week because I'm really bringing it for you in episode two of the Creative Entrepreneurship series. So, I'll see you then. Bye for now.

Thank you so much for listening to the *Design You* podcast, and if you are ready to dig deep and do the important work we talk about here on the podcast of transforming your mindset and creating a scalable online business model, there has never been a more important time than right now. So, join me and the incredible creative entrepreneurs in my *Design You* coaching program today. You can get all the details at TobiFairley.com.